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# How the Corporate Real Estate Industry can End Poverty Conditions in Building Security

## Separate AND Unequal



*Prepared by the Stand for Security Coalition  
for the California Legislative Black Caucus*

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Stand for Security Coalition of clergy, congregations and community organizations are united to support security officers in lifting themselves, their families and our communities out of poverty.

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# EXECUTIVE SUMMARY

**P**private security officers protect multibillion dollar properties but go home to our state's most impoverished communities. Because of the low wages and no quality, affordable health care, private security officers are forced to make impossible choices like either paying rent or buying medication.

While the corporate real estate industry enjoys low vacancy rates, rising rental rates and record breaking revenues, the private security officers experience low wages, no access to quality, affordable health care, no respect, inadequate training and lack of a professional career ladder.

The real estate industry has agreed to compensate building engineers, window washers, parking attendants, janitors and other service workers in their buildings with family health care, wages you can raise a family on, paid sick days, paid holidays, paid vacations, paid bereavement leave and pensions for retirement security.

Private security officers—who are predominately African American—are being left behind.

The corporate real estate industry is encouraging dead-end jobs and is not meeting their responsibility to the officers who protect their property nor to California businesses and the public who deserve a stable, professional security force.

## RECOMMENDATIONS

■ Real estate corporations should commit to partner with their contractors to end the poverty conditions in the security industry and stop the double standards that now exist by providing family health care and wages you can raise a family on.

■ Real estate corporations should commit to turn these dead-end security jobs into good jobs for tens of thousands of predominately African American workers who comprise the security industry workforce.

■ Real estate corporations should agree to use only responsible security contractors who compete on the quality of their service while honoring market-wide agreements that set standards for workers and public safety.



# INTRODUCTION

**P**rivate security officers that patrol and protect high-rise commercial office buildings in California's largest cities like Los Angeles and San Francisco are critical in maintaining the safety of tenants and the general public.

Although they protect lives and multibillion dollar properties, private security officers often go home to the most impoverished neighborhoods in California due to the low wages and standards in the security industry.

While the corporate real estate industry enjoys low vacancy rates, rising rental rates and record breaking revenues, the private security officers experience low wages, no access to quality, affordable health care, no respect, inadequate training and lack of a professional career ladder.

Security officers are employed by security contractors that service the corporate real estate and finance firms that own most of the commercial office property in the state's major cities.

Because the security industry is a predatory one, no one building owner or security company can change the current system by itself. A security company that tries to raise wages and benefits on its own will likely lose accounts to a cheaper alternative. A building owner who offers fair compensation to its security officers will be at a competitive disadvantage with its neighbors. In what becomes a race to the bottom of the pay and benefits scale, everyone loses.

By awarding contracts to low-bidding security contractors without addressing basic industry-wide standards through a market-wide contract like they do for their other contract building services like janitors and engineers, building owners are encouraging dead-end jobs for security and are not meeting their responsibility to the officers who protect their property and to California businesses and the public who deserve a stable, professional security force.

## REAL ESTATE INDUSTRY POWER STRUCTURE

	LOS ANGELES	SF/OAKLAND
<b>REAL ESTATE CORPORATIONS</b>	<b>Blackstone</b> <b>Douglas Emmett</b> <b>GE/Arden Realty</b> <b>Jamison Properties</b> <i>Partial list</i>	<b>Morgan Stanley</b> <b>Hines</b> <b>Shorenstein</b> <i>Partial list</i>
<b>SECURITY CONTRACTORS</b>	<b>UPS</b> <b>ABM</b> <b>Securitas</b> <b>Allied Barton</b> <b>Guardsmark</b> <i>Partial list</i>	<b>Securitas</b> <b>Allied Barton</b> <b>ABM</b> <b>UPS</b> <i>Partial list</i>
<b>SECURITY OFFICERS</b>	<b>5,000</b>	<b>5,000</b>



## **Real Estate Industry Overlooks Critical Component of Public Safety: Private Security**

Although significant energy and funds have been spent in training emergency responders statewide, the critical role that private security officers play in public safety has been largely neglected. Commercial office buildings have been cited by intelligence agencies as terrorist targets and the dangers of a possible fire, earthquake, cardiac arrest, or other building incidents pose steady and immediate risks to commercial office buildings, tenants, and millions of visitors to our commercial centers. The split-second decisions security officers make in the first moments of an emergency may well mean the difference between life and death for thousands of building occupants.



Yet, training programs are typically weak and ineffective. Most security officers will tell you outside of the state required minimum, training is superficial—often consisting of watching a video and taking an open book test. Most importantly, the high turnover rates of 100-300% annually caused by the low standards in the industry inevitably affect the quality of service, regardless of the high integrity and dedication of individual security officers. Unless the turnover rate among security officers is dramatically reduced, training will be neither effective, nor cost-effective, as newly trained personnel will continue to leave the jobs after only a few months, wasting money and forcing time-consuming rounds of re-training.

# Part I: SEPARATE AND UNEQUAL: SECURITY LEFT BEHIND

**A**lthough the real estate industry is booming in California, the private security industry that services commercial real estate properties is marked by low wages and no access to quality, affordable health care.

Taken together with the fact that the real estate industry has agreed to compensate building engineers, window washers, parking attendants, janitors and other service workers in their buildings with family health care, wages you can raise a family on, paid sick days, paid holidays, paid vacations, paid bereavement leave and pensions for retirement security it's clear that private security officers are being left behind.

## A. SECURITY INDUSTRY DOMINATED BY AFRICAN AMERICAN WORKERS

Private security is one of the only jobs available to African American workers from the most impoverished neighborhoods across California. No where do you see this more starkly than in Los Angeles where nearly 70% of the workforce is African American and live in the communities of South Los Angeles.<sup>1</sup>

## B. REAL ESTATE INDUSTRY'S DOUBLE STANDARDS

	Family Health Care	Wages you can raise a family on	Paid Sick Days	Paid Holiday	Paid Vacations	Pension
<b>Parking Attendants<sup>2</sup></b>	YES	YES	YES	YES	YES	YES
<b>Window Washers</b>	YES	YES	YES	YES	YES	YES
<b>Janitors</b>	YES	YES	YES	YES	YES	YES
<b>Building Engineers<sup>3</sup></b>	YES	YES	YES	YES	YES	YES
<b>Security Officers<sup>4</sup></b>	NO	NO	NO*	NO*	NO*	NO*

*Bay Area Security Officers contract expired June 30, 2007.<sup>5</sup>*



## Part II: POVERTY CONDITIONS IN PRIVATE SECURITY

**P**rivate security officers protect multibillion dollar properties but go home to our state's most impoverished communities. Because of the low wages and no quality, affordable health care, private security officers are forced to make impossible choices like either paying rent or buying medication.

### BRIAN HAWTHORNE

*Brian had a smile that would light up any room. He worked as a security officer in downtown Los Angeles and was proud to wear his uniform and help people. Brian suffered from epilepsy that was controlled by medication—but medication that he couldn't afford on the low wages he earned working security. Brian would sometimes cut his pills in half to make them stretch or even skip a day. Brian was fatally struck by a train on his way to work last year; it is believed he was having a seizure when the accident occurred.*



#### LOS ANGELES

Housing	\$1,124
Food	\$448
Transportation	\$321
Health Care	\$299
Child Care	\$485
Taxes	\$348
Misc Necessities	\$424

Monthly Budget Total \$3,499

Yearly Budget Total \$41,388<sup>7</sup>

Actual LA Security  
Officer Income

\$21, 236<sup>8</sup>

#### SAN FRANCISCO

Housing	\$1,539
Food	\$448
Transportation	\$358
Health Care	\$299
Child Care	\$485
Taxes	\$559
Misc Necessities	\$536

Monthly Budget Total \$4,224

Yearly Budget Total \$50,688

Actual SF Security  
Officer Income

\$23, 504<sup>6</sup>

A. LOW WAGES

The starting annual wage for a security officer in San Francisco is \$23,504<sup>9</sup> That’s less than half of what it takes to meet family expenses like food and shelter, transportation, health care, child care, taxes and other basic necessities, according to the Economic Policy Institute. Los Angeles security officers earn even less at \$21,236 per year.<sup>10</sup>



LILLIE LEWIS

*“You may not believe this, but I make less money now as a security officer than I did seven years ago. In the security industry, when a contractor changes or when you get transferred to a new post—which happens a lot—you start at the bottom of the pay scale. Even though inflation keeps going up, my wages keep going down. This happens all the time to security officers.”*

**Lillie has worked security for nearly twenty years. She is a mother and a grandmother.**

MAKING ENDS MEET ON POVERTY WAGES <sup>11</sup>		
\$22,000	\$53,412 / \$48,252	100 / 90 Hours Per Week
Average annual income of a security officer working in San Francisco or Los Angeles. <sup>12</sup>	The basic family budget for San Francisco \ Los Angeles according to the Economic Policy Institute. This figure is a better measure of self-sufficiency for a family of four. The figure represents the earnings a family requires to meet its basic needs without government assistance. <sup>13</sup>	The number of hours a San Francisco \ Los Angeles security officer would have to work to reach the self-sufficiency standard described above. A two-earner household would have to either work <b>2.5 full time jobs</b> or <b>4 part time jobs</b> between them in order to provide for their family.

## B. NO ACCESS TO QUALITY, AFFORDABLE HEALTH CARE

**Nearly a third of security officers' children are enrolled in taxpayer supported health care plans.**

Most security officers across the state are offered health care plans that they simply cannot afford, placing health care out of reach for security officers and their families.

For example, security officers face an impossible choice between paying more than one quarter of their monthly salary for health insurance or take the “free” plan that doesn’t really cover basic health care necessities. Under the “free” plan, a security officer would need to pay way more than they can afford for the following:

One doctor visit w/ blood work and MRI . . .	\$500
Common prescriptions for a year . . .	\$2,400
Child birth . . .	\$32,000
Hospitalization for ten days . . .	\$180,000 <sup>14</sup>

Left without real choices, those without insurance do what they have to in order to survive—they seek care in emergency rooms or public clinics. People without insurance often wait until problems become serious before getting treatment, or use the emergency room for basic health services, which is more expensive in the long run.

More than half of California’s private security officers enroll their children in Healthy Families and Medical due to the lack of access to quality, affordable health care through their full-time work.<sup>15</sup> In San Francisco and Los Angeles security officers report 68%<sup>16</sup> and 60%<sup>17</sup> of their children, respectively, are enrolled in government provided health insurance.

Nearly a third of security officers’ children are enrolled in taxpayer supported health

### CHERI PLUMMER

*Cheri’s arms are long and strong—they have to be to work security and hold her family of seven kids together all on her own. Earning just over \$2,000 a month, there’s no way she can keep shoes on their feet, give them something to eat and still pay the high cost to have them on the health care plan that her security company offers.*

*The Plummer family is like thousands of families of California security officers that must rely on taxpayer funded health systems—even though they work full time jobs to keep the multibillion dollar real estate industry safe and secure.*

*Right now, Cheri’s eldest son is having pain in his mouth its swollen and he can’t eat. “One doctor told me it could be a tumor; another said it might be a lesion. Every doctor has said a different thing. We go back tomorrow to see if they can’t do something for him.”*



## C. IMPACT ON OUR COMMUNITIES

***The real estate industry's current business model includes pushing the cost of health care for tens of thousands of private security officers and their families on to the taxpayers of California.***

Without affordable health care, working families rely on hospital emergency rooms and public health care programs at an overall cost to taxpayers of more than \$14 billion<sup>18</sup> every year.

The real estate industry's current business model includes pushing the cost of health care for tens of thousands of private security officers and their families on to the taxpayers of California.

The real estate industry's exploitation of security workers forces many of them to work two and sometimes even three jobs just to make ends meet. These hard working men and women who—if they earned decent wages with access to quality, affordable health care in their security job—could be contributing to our communities, churches, political and social institutions and being fathers and mothers to their families instead of working themselves to death.

Further, if the wealthy corporate real estate industry would agree to pay security officers the same as other services workers in their buildings, it would pump millions of dollars into South Los Angeles, San Francisco's Tenderloin District, South Sacramento, and other areas where security officers live.

### MICHAEL JOHNSON

*"I protect multi-million dollar buildings, but I can't afford to protect my family. I work two jobs, and it's tough to work all the time and hardly ever see my kids, but like most security officers, that's what I have to do to get by."*



*Michael has been a security officer for more than sixteen years, and even though he is a Post Commander at the building he protects, he only receives \$10/hour and cannot afford health care for his family. Michael, his wife and five kids live in a one bedroom apartment in South Los Angeles.*

*When he's not working 80 hours a week and commuting to and from his posts through Los Angeles traffic, Michael is active in his church and is an assistant coach on his son's basketball team. The Johnson family welcomed their newest member, a baby girl, earlier this year.*

# Part III: Real Estate Industry Can Turn Dead-End Security Jobs Into Quality Jobs Now

***By agreeing to raise wages and benefits in the security industry, real estate corporations can, in effect, create tens of thousands of good jobs. A good job can mean real hope for a family, for a neighborhood, for California as a whole.***

**R**eal estate wealth is at an all time high. Acquisitions, Initial Public Offerings (IPOs), building sales, tenant rents and low vacancies are at record levels throughout the state while the standard for the security officers who protect these buildings remains at an all time low.

## **Rental Rates Have Been Increasing Over Time and are at the Highest Ever**

Rental rates, income for commercial office real estate, have been increasing steadily. In San Francisco, lease rates per square foot increased 45% from \$30.45/sq ft. in 2005 to \$44.12/sq ft. in 2007. In Los Angeles, rates have increased 30% from \$24.96/sq ft. in 2004 to \$32.16/sq ft. in 2007.<sup>19</sup>

By agreeing to raise wages and benefits in the security industry, real estate corporations can, in effect, create tens of thousands of good jobs. A good job can mean real hope for a family, for a neighborhood, for California as a whole.

Because the security industry is a predatory one, no one building owner or security company can change the current system by itself. A security company that tries to raise wages and benefits on its own will likely lose accounts to a cheaper alternative. A building owner who offers fair compensation to its security officers will be at a competitive disadvantage with its neighbors. In what becomes a race to the bottom of the pay and benefits scale, everyone loses.

California's security officers are organizing to change their industry. SEIU's Stand for Security campaign has succeeded in working with security officers, security contractors, building owners, and broader political, faith and business communities across the country to improve standards of living for security officers and improve public safety overall.

The Stand for Security campaign is about working to change an industry in a way that is mutually beneficial for workers, communities, and local economies. It reflects a sincere belief that honest, hard work should be rewarded with the means to provide a dignified living for oneself and one's family. It reflects the sincere belief that jobs that recognize this need serve the interests of the greater community. These jobs produce a stronger, more inclusive economy, stronger families, stronger neighborhoods, and a more vibrant California.



# LOS ANGELES BUSINESS JOURNAL

## **L.A. COUNTY: Commercial Rents Climb Upward Despite New Space**

*April 4, 2007*

While first quarter vacancies in the Los Angeles County office market remained unchanged from the previous quarter, asking rents in what has very much become a landlord's market continued their upward climb.<sup>20</sup>

## **WESTSIDE: Rents Hit Unprecedented Levels Amid Intense Demand**

*April 23, 2007<sup>21</sup>*

## **DOWNTOWN: Activity Increases as Prices Rise and Concessions Vanish**

*April 24, 2007<sup>22</sup>*

## **San Jose Mercury News Office rental rate jumps 6% in S.F. in first quarter**

*Dan Levy, March 27, 2007*

San Francisco office rents jumped 6 percent in the first quarter as vacancy rates fell to their lowest since 2000, allowing landlords to raise prices. Rents for the best space in San Francisco's central business district rose to an average of \$42.84 a square foot per year, up from \$40.44 in the fourth quarter of 2006, according to data compiled by real estate broker Cushman & Wakefield. The vacancy rate fell to 8.5 percent.<sup>23</sup>

## **San Francisco Business Times Billion Dollar Office Buy Rattles Market**

*J.K. C Dineen, March 2, 2007*

"The bidding war that ended in Morgan Stanley's \$2.65 billion score of 10 downtown San Francisco properties suggests there is an enormous pool of international capital looking to grab a piece of the city's financial district. From Morgan Stanley to Tishman Speyer to Broadway Partners, the mightiest minds in international real estate are placing huge bets on San Francisco that have rewritten the book on what office space in this city may be worth.<sup>25</sup>

## **COSTAR ONLINE**

### **Sterling American/ Hines JV Pays \$281M for Bay City Tower**

*Andrew C Burr, June 20, 2007*

"The influx of investment sales activity in San Francisco over the past year has made the area one of the fastest growing office markets on the West Coast," said Tarak Patolia, head of acquisitions for Sterling American Property.<sup>24</sup>

Without a market-wide strategy for raising standards in the security industry, wage and benefits will remain depressed, turnover will remain at 300% or more and the quality of services will remain low. Security is a predatory industry—property managers frequently change contractors, creating an atmosphere of "hyper-competition" that makes it nearly impossible for any one building owner or security company to raise standards on its own.

SEIU recognizes that standards need to be set at a market level—not building by building—and is committed to solutions that create real gains for workers while minimizing the economic disadvantage placed on any one building owner or property manager. Furthermore, by creating a market-wide health insurance program, SEIU has been able to take advantage of economies of scale and bring family health care within reach for thousands of people.

The real estate industry, working together with SEIU, can raise standards in private security across entire markets from Los Angeles to the San Francisco Bay Area, Sacramento and beyond and help end poverty conditions among the predominately African American security workers of California.

# CONCLUSION

## ***Higher Standards for California's Security Industry are... Within Our Reach***

Across the country, more and more office building owners are selecting responsible security contractors who pay decent wages and benefits to the security officers that protect their assets. In downtown and suburban areas alike, building owners have worked together with SEIU to provide quality, affordable health insurance to security officers and move wages toward a level where families can sustain themselves without making impossible choices—why should California's security officers be left behind?

Building owners and property managers have benefited too. In these markets, security contractors must compete on the quality of their service, not on their ability to drive down the wages and benefits of the workers. The result: lower turnover, a more stable workforce, and more safe and secure cities.



## RECOMMENDATIONS

- Real estate corporations should commit to partner with their contractors to end the poverty conditions in the security industry and stop the double standards that now exist by providing family health care and wages you can raise a family on.
- Real estate corporations should commit to turn these dead-end security jobs into good jobs for tens of thousands of predominately African American workers who comprise the security industry workforce.
- Real estate corporations should agree to use only responsible security contractors who compete on the quality of their service while honoring market-wide agreements that set standards for workers and public safety.



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